



January 13, 2005

Mr. Charles L. A. Terreni
Chief Clerk and Administrator
Public Service Commission of SC
100 Executive Center, Suite 100
Columbia, South Carolina 29210

Mr. C. Dukes Scott
Executive Director
Office of Regulatory Staff
1441 Main Street, Suite 300
Columbia, South Carolina 29201

Re: SCE&G's January 2006 Gas Adjustment
Under Order No.: 2005-653

Dear Mr. Terreni and Mr. Scott:

By Order No. 2005-653, dated November 8, 2005, the Public Service Commission of South Carolina (the "Commission") authorized SCE&G to adjust its cost of gas factor on a monthly basis according to the procedure and methodology outlined in Paragraph 6 of the Settlement Agreement which was incorporated into that Order. With certain limitations, Paragraph (b)(iii) of the Settlement Agreement authorizes monthly adjustments in the cost of gas factor so long as there is a material variance between the forecast on which the factor was set and the updated forecast of over- or under-collection for the current month.

By letter dated December 15, 2005, SCE&G informed the Commission that beginning with the eighth billing cycle of December, 2005, the cost of gas factor would be required to be adjusted upward to reflect the effects of increases in the wholesale price of gas. Prices, however, have moderated since December. Therefore, SCE&G provides this notification that, beginning with the eighth billing cycle of January 2006, the cost of gas factor will be reduced to the factor approved by the Commission Order No. 2005-653.

SCE&G hereby informs the Commission and the Office of Regulatory Staff that beginning on their eighth billing cycle of January 2006, SCE&G's new cost of gas factor shall be as follows:

CLASS OF SERVICE	CURRENT COST OF GAS FACTOR	JANUARY 2006 COST OF GAS FACTOR
Residential	\$1.36159	\$1.29729
Medium General Service	\$1.28648	\$1.22218
Large General Service	\$1.26253	\$1.19823



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Page 2

As required by the Settlement Agreement, the cost of gas factor set forth here will remain in effect for bills through the seventh billing cycle of February unless changed by an adjustment at that time.

Please feel free to contact me if you have any questions concerning these cost of gas factors.

Sincerely,

A handwritten signature in black ink, appearing to read "Kenneth R. Jackson".

Kenneth R. Jackson

Director of Rates and Regulatory Affairs